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ZNR UUUUU ZZH  
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FM AMCONSUL PESHAWAR  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8062  
INFO RUEHIL/AMEMBASSY ISLAMABAD IMMEDIATE 4835  
RUEHKP/AMCONSUL KARACHI IMMEDIATE 1946  
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RHMFISS/CDR USSOCOM MACDILL AFB FL  
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RUEHRC/DEPT OF AGRICULTURE WASHINGTON DC  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RUEHPW/AMCONSUL PESHAWAR 5127

UNCLAS SECTION 01 OF 02 PESHAWAR 000133

SENSITIVE  
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E.O. 12958: N/A  
TAGS: [ECON](#) [EAGR](#) [ENRG](#) [EFIN](#) [PGOV](#) [PK](#)  
SUBJECT: NWFP: CAN SWAT'S CROPS BE SAVED?

Summary  
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¶1. (SBU) Pakistan will suffer a 35 percent crop loss in the Northwest Frontier Province (NWFP) this year, and up to a 70 percent crop loss in the conflict-hit areas of Malakand Division, according to the NWFP provincial government and local economists. These Consulate contacts conclude that it is too late to save this year's wheat crop in places like Swat. But they also tell us if the government secures the return of some 226,000 displaced farmers early in the monsoon season, beginning the first week of July, and implements rapid assistance targeted at these farmers, the agricultural base in the region can be saved. End summary.

35 Percent Crop Loss in Malakand Division  
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¶2. (SBU) Almost half of the population in the conflict-hit areas of Malakand Division of the NWFP depend on agriculture to survive and are at risk of losing their crops this year, according to NWFP Minister for Agriculture Arbab Mohammad Ayub Jan. Out of a total population of four million in the five conflict-hit districts (Swat, Buner, Shangla, Lower Dir, and Malakand), 1.9 million belong to farming families and rely at least partially on agriculture for their livelihood. More than 226,000 farmer families in these districts rely on staple food crops like wheat and rice, and largely on subsistence farming. (Note: About 95 percent of all farms in the NWFP are subsistence farms of less than 12.5 acres.) A good portion of the rural landless population in these areas also maintain their livelihoods by working as farm laborers. Jan estimates crop losses resulting from no harvest at about 35 percent in the areas affected by the military operation and predicts that crop losses in Swat will likely be as high as 70 percent.

¶3. (SBU) Pakistan's wheat harvest is virtually completed this year, according to Jan, and unharvested wheat is likely now ruined and cannot be used for any purpose. With an estimated 70 percent of Swat's population fleeing the military operation there, the remaining 30 percent could only salvage a portion of their neighbors' crops due to poor security and constant curfews.

Farming in NWFP  
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14. (SBU) Due to the great diversity in climate and soils, farmers in NWFP grow over 42 crops. The major ones are wheat, barley, maize, sugarcane, tobacco, rape/mustard seed, groundnut, pulses, vegetables (onions, potatoes, cabbage) and fruits, according to Dr. Nasir Khan, Director of Institute of Management Studies (IMS), and former Chairman of the Economics Department University of Peshawar. These major crops account for nearly 90 percent of the total cultivated area. Less than five percent of farms in the NWFP produce surplus food grains for sale in the open market. The situation for corn is somewhat different, however, as it is grown for both on-farm and commercial use. Record wheat and rice harvests this year will enable Pakistan to shift sufficient quantities of food grains into the NWFP to offset crop losses in the military operation zones. (Note: NWFP is a food-deficient province and traditionally relies on the Punjab to meet its staple food needs, particularly wheat and rice.) The returning population's ability to offset crop losses will be severely challenged, however, as many people have lost their jobs, and those subsistence farmers who typically grow their own food but who have lost their crops will now be forced to enter into a depressed job market.

Commercial Farming in NWFP

15. (SBU) In NWFP, fruits and vegetables are largely grown for commercial sale, according to Dr. Khan. Vegetables supplied from the troubled five districts to other parts of NWFP and to other provinces constitute 37 percent of the total vegetables grown in the province, while Swat produces 13 percent of Pakistan's vegetables. The production of orchard crops in

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Malakand, and to a lesser extent corn, is also intended for commercial sale. Swat is renowned for its fruit orchards, hosting hundreds of commercial-sized orchards producing apples, peaches and plums, which play a critical role in sustaining the economic livelihood of the rural population. Sixty percent of Pakistan's peaches come from Swat, 35 percent of its pears, and almost 20 percent of its apples and plums. All of these fruits are highly perishable. Secretary General of Sarhad Chamber of Agriculture, Abdur Rahim Khan, estimates that \$100 million worth of fruit in Malakand Division could be lost. While this year's peach crop in Swat has mostly rotted, its plums, pears, onions, and tomatoes may be saved if farmers return to the fields in the next few weeks.

Corn and Livestock in NWFP

16. (SBU) Corn crop losses in the military zones will also have a significant negative impact on Pakistan's total corn supply, as nearly one-third of the country's three million ton corn crop is grown in the NWFP. As corn is mostly used to feed livestock such as cattle, sheep and goats, higher corn prices will have a disproportional impact on the poor, as more poor people own livestock than own land. The NWFP Minister for Livestock and Dairy Development, Hidayatullah Khan, estimates livestock losses at about \$110 million, and related losses, such as buildings and equipment, at an additional \$114 million. There are no reported outbreaks of major livestock diseases yet.

Returning Before Monsoon

17. (SBU) Dr. Khan tells us if IDPs cannot return before the rains begin in July, it will have a significant negative impact on their ability to plant traditional monsoon season crops, such as rice, corn and vegetables, and will severely undermine longer-term food security in the region. Monsoon rains begin from the first week of July and continue through mid-September. The loss of this year's crop will mean no seed for next year's crop, as most farmers hold back a portion (5 percent) of the current crop for next year's planting. If the government secures the return of the estimated 226,000 displaced farmers

early in the monsoon season and implements rapid assistance targeted at these farmers, the agricultural base in the region can be saved. Special Support Group Lt. Colonel Shahid Waseem stated that the army could assist in the transportation and marketing of this year's crops.

What Can the U.S. Do?

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18. (SBU) The U.S. Department of Agriculture is actively considering two proposals that could significantly assist displaced farmers, along with their livestock, in the Malakand Division. Under one proposal, India would ship 30,000 tons (worth USD 30 million) of animal feed to Mardan District of NWFP for direct distribution to displaced farmers from Malakand. One side benefit of this proposal would be to accustom the GOP and Pakistani public to the transit of Indian goods through the primary shipping route that will be used under the recently signed Transit and Trade Agreement between India and Afghanistan. Second, USDA proposes that the U.S. provide 120,000 tons of corn to Pakistan, worth \$100 million, which Pakistan may monetize to support agricultural reconstruction in Malakand Division under the "Food for Progress" program.

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